

Message Text

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ACTION EA-14

INFO OCT-01 NEA-14 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 COA-02 IO-14 DLOS-07 DRC-01 /200 W

----- 102813

R 210905Z MAY 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2000

INFO AMEMBASSY BANGKOK

AMEMBASSY DACCA

AMEMBASSY JAKARTA

AMCONSUL HONG KONG

AMEMBASSY NEW DELHI

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: ENRG, JA, BM

SUBJECT: JAPAN-BURMA NEGOTIATIONS ON OFFSHORE OIL

1. JAPANESE DELEGATION HEADED BY MATSUZAWA, A DIRECTOR OF THE SEMI-GOVERNMENTAL JAPAN PETROLEUM DEVELOPMENT CORP. (JPDC), LEFT MAY 20 FOR RANGOON TO DISCUSS CONCLUSION OF OFFSHORE OIL EXPLORATION/DEVELOPMENT CONTRACT. JAPANESE NEGOTIATIONS FOLLOW CONCLUSION OF SIMILAR NEGOTIATIONS BETWEEN BURMA AND CITIES SERVICE/SUN/ROBRARY GROUP REPORTED REFTEL. MAY 18 PRESS CARRIED BRIEF REPORTS ON DELEGATION'S DEPARTURE. ACCORDING ARTICLES, MATSUZAWA CONFIDENT HE COULD CONCLUDE CONTRACT WITH

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MYANMA OIL FOR EXPLORATION RIGHTS COVERING THREE BLOCKS

IN ARAKAN (PHON.) AREA DURING CURRENT VISIT.

2. JPDC SOURCE TOLD EMBOFF MAY 20 THAT JPDC VERY EMBARRASSED BY DISCLOSURE OF MATSUZAWA MISSION, SINCE BURMESE HAD INSISTED ON SECRECY IN ALL PHASES OF NEGOTIATIONS. SOURCE NOTED THAT BASIC FRAMEWORK OF EXPLORATION PROJECT HAD BEEN AGREED BETWEEN JPDC AND MYANMA OIL, AND THAT ONLY DETAILS REMAINED TO BE WORKED OUT IN PRESENT NEGOTIATIONS. (HE DECLINED TO BE MORE SPECIFIC.) BASED ON PROGRESS WHICH HAD BEEN MADE PRIOR TO DEPARTURE OF TEAM, NEW JAPANESE COMPANY WAS FORMED TO HANDLE EXPLORATION PROJECT. JPDC, MITSUI OIL DEVELOPMENT, MITSUBISHI OIL DEVELOPMENT, AND KYODO OIL HOLD SHARES IN NEW COMPANY.

3. SOURCE IN MITSUBISHI ADDED TO ABOVE THAT CONTRACT WOULD BE SIMILAR TO PRODUCTION SHARING ARRANGEMENT IN USE IN INDONESIA. JAPANESE HOPED THAT TERMS WOULD BE AS FOLLOWS: 40 PERCENT OF ANY OUTPUT WOULD BE USED TO COVER EXPLORATION COSTS, TO BE PAID BY JAPAN; THE REMAINDER OF THE OIL PRODUCED WOULD BE DIVIDED 35 PERCENT FOR JAPAN AND 65 PERCENT FOR BURMA. SOURCE QUICKLY ADDED HOWEVER THAT UNDER PRESENT CONDITIONS IT UNLIKELY THAT BURMESE INTEREST WOULD AGREE TO ANYTHING SO FAVORABLE TO JAPAN.

4. EXXON AND DEMINEX WILL REPORTEDLY HOLD SEPARATE NEGOTIATIONS ON OTHER BLOCKS AFTER JAPAN-BURMA NEGOTIATIONS CONCLUDED.
SHOESMITH

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Message Attributes

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30 JUN 2005

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